

Irrigation and M&I  
R.O. Draft 05/27-1994  
Rev. R.O. 06/21-1994  
Rev. R.O. 07/11-1994  
Rev. R.O. 07/19-1994  
Rev. R.O. 08/09-1994  
Rev. R.O. 08/15-1994  
Rev. R.O. 08/19-1994  
Rev. R.O. 02/17-1995  
Rev. R.O. 08/13-1997  
Rev. R.O. 09/29-1999  
Rev. R.O. 09/30-1999  
Rev. R.O. 11/03-1999  
Rev. R.O. 08/25-2000  
Rev. R.O. 09/14-2000  
Rev. R.O. 12/08-2000  
R.O. 01/30-2001

Contract No.  
7-07-20-W0055-IR5

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND

CENTINELLA WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this 28<sup>th</sup> day of February in pursuance  
generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary  
thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and  
supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70  
Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1261), as amended and Title  
XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as

1 the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter  
2 referred to as the United States, and CENTINELLA WATER DISTRICT, hereinafter referred to  
3 as the Contractor, a public agency of the State of California, duly organized, existing, and acting  
4 pursuant to the laws thereof, with its principal place of business in Westley, California;

5 WITNESSETH, That:

6 EXPLANATORY RECITALS

7 WHEREAS, the United States has constructed and is operating the Central Valley  
8 Project, California for diversion, storage, carriage, distribution and beneficial use, for flood  
9 control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and  
10 restoration, generation and distribution of electric energy, salinity control, navigation and other  
11 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and  
12 the San Joaquin River and their tributaries; and

13 WHEREAS, the United States constructed the Delta-Mendota Canal and related  
14 facilities, hereinafter collectively referred to as the Delta-Division facilities, which will be used  
15 in part for the furnishing of water to the Contractor pursuant to the terms of this interim renewal  
16 contract; and

17 WHEREAS, the Contractor and the United States entered into Contract No. 7-07-  
18 20-W0055 as amended, which provided the Contractor, Central Valley Project water from the  
19 Delta-Mendota Canal from July 8, 1977 to February 28, 1995; and

20 WHEREAS, the Contractor and the United States entered into interim renewal  
21 contract(s) identified as Contract No(s). 7-07-20-W0055-IR1, 7-07-20-W0055-IR2, 7-07-20-

1 W0055-IR3 and 7-07-20-W0055-IR4, the latter of which is hereinafter referred to as the Existing  
2 Interim Renewal Contract, which provided Project Water to the Contractor from December 1,  
3 2000 through February 28, 2001; and

4 WHEREAS, the Contractor has requested a subsequent interim renewal contract  
5 pursuant to the Existing Interim Renewal Contract, Federal Reclamation law and the laws of the  
6 State of California, for water service from the Central Valley Project; and

7 WHEREAS, the United States and the Contractor believe that either further  
8 negotiations on a long-term renewal contract for the Contractor would be beneficial and mutually  
9 commit to continue to negotiate to seek to reach agreement or the Contractor's proposed long-  
10 term renewal contract required environmental review necessary to execute a long-term renewal  
11 contract has not been completed, and the Contractor has requested a subsequent interim renewal  
12 contract pursuant to Article 2 (b)(1) of the existing Interim Renewal Contract; and

13 WHEREAS, the United States has determined that the Contractor has to date  
14 fulfilled all of its obligations under the Existing Interim Renewal Contract; and

15 WHEREAS, The Contracting Officer has determined that the Contractor has the  
16 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable  
17 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this  
18 interim renewal contract; and

19 WHEREAS, rights of renewal of Contract No. 7-07-20-W0055 and to convert  
20 said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939  
21 (53 Stat. 1187), are set forth in said contract; and

1               WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water  
2   service contracts until the completion of appropriate environmental documentation, including a  
3   programmatic environmental impact statement ("PEIS") pursuant to the National Environmental  
4   Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA  
5   and the potential renewal of all existing contracts for Project Water; and

6               WHEREAS, in order to continue water service provided under Project water  
7   service contracts that expire prior to the completion of the PEIS, the United States intends to  
8   execute interim renewal contracts for a period not to exceed three (3) Years in length, and for  
9   successive interim periods of not more than two (2) Years in length, until appropriate  
10   environmental documentation, including the PEIS, is finally completed, at which time the  
11   Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a  
12   long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such  
13   long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each;  
14   and

15              WHEREAS, the Secretary intends to assure uninterrupted water service and  
16   continuity of contract through the process set forth in Article 2 hereof; and

17              WHEREAS, the United States is willing to renew the Existing Interim Renewal  
18   Contract pursuant to Section 3404(c)(1) of the CVPIA on the terms and conditions set forth  
19   below;

20              NOW, THEREFORE, in consideration of the mutual and dependent covenants  
21   herein contained, it is hereby mutually agreed by the parties hereto as follows:

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1. When used herein unless otherwise distinctly expressed, or manifestly

(a) "Calendar Year" shall mean the period January 1 through December 31,

(b) "Charges" shall mean the payments in addition to the Rates determined

(c) "Contractor's Boundaries" shall mean the area to which the Contractor is

(d) "CVPIA" shall mean the Central Valley Project Improvement

(e) "Delivered Water" shall mean Project Water made available to

(f) "Eligible Lands" shall mean all lands to which Irrigation Water may

(g) "Excess Lands" shall mean all lands defined as excess in

1           (h)     "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)  
2 or 202(3) of the RRA, whichever is applicable;

3           (i)     "Ineligible Lands" shall mean all lands to which Irrigation Water may not  
4 be delivered in accordance with Section 204 of the RRA;

5           (j)     "Irrigation Water" shall mean Project Water which is used primarily  
6 in the production of agricultural crops or livestock, including domestic use  
7 incidental thereto, and watering of livestock;

8           (k)     "Landholder" shall mean an individual or entity attributed with the total  
9 irrigable acreage of one or more tracts of land situated in one or more districts owned  
10 and/or operated under a lease which is served with Irrigation Water pursuant to a contract  
11 with the United States;

12          (l)     "M&I Water" shall mean water made available from the Project other than  
13 Irrigation Water. M&I Water shall include water used for purposes such as the watering  
14 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment  
15 or water delivered to landholding operated in units of less than 5 acres unless the  
16 Contractor establishes to the satisfaction of the Contracting Officer that the use of water  
17 delivered to any such landholding is a use described in subdivision (k) of this Article;

18          (m)     "O&M" shall mean normal and reasonable care, control, operation, repair,  
19 replacement, and maintenance of Project facilities;

1           (n)     "Operating Non-Federal Entity" shall mean a Non-Federal entity which  
2           has the obligation to operate and maintain all or a portion of the Delta-Division facilities  
3           pursuant to an agreement with the United States;

4           (o)     "Project" shall mean the Central Valley Project owned by the  
5           United States and operated by the Department of the Interior, Bureau of Reclamation;

6           (p)     "Project Water" shall mean all water that is developed, diverted, stored, or  
7           delivered by the United States in accordance with the statutes authorizing the Project and  
8           in accordance with the terms and conditions of applicable water rights permits and  
9           licenses acquired by and/or issued to the United States pursuant to California law;

10          (q)     "Rates" shall mean the payments determined annually by the Contracting  
11          Officer in accordance with the then current applicable water ratesetting policies for the  
12          Project;

13          (r)     "Secretary" or "Contracting Officer" shall mean the Secretary of the  
14          United States Department of the Interior or his duly authorized representative;

15          (s)     "Year" shall mean the period from and including March 1 of  
16          each Calendar Year through the last day of February of the following Calendar Year.

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2. (a) This interim renewal contract shall be effective from March 1, 2001 and remain in effect through February 28, 2002, and thereafter will be renewed as described in Article 1. Except as provided in subdivision (b) of this Article, until completion of all appropriate environmental review, and provided that the Contractor has complied with all the terms and conditions of the interim renewal contract in effect for the period immediately preceding the requested successive interim renewal contract, this interim renewal contract will be renewed, upon request of the Contractor, for successive interim periods each of which shall be no longer than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in order to promote orderly and cost effective contract administration, the terms and conditions in all subsequent interim renewal contracts shall be identical to the terms and conditions in the interim renewal contract immediately preceding the subsequent interim renewal contract: Provided, however, That each party preserves the right to propose modification(s) in any interim renewal contract other than those described in subdivision (b) of this Article, in which case the parties shall negotiate in good faith appropriate modification(s) to be included in any successive interim renewal contracts. Said modification(s) of each successive interim renewal contract shall be submitted upon within a reasonable time prior to the expiration of the then existing interim renewal contract. Nothing in this Article shall in any way alter the obligation that, upon final completion of the EIS and any necessary supplemental environmental documentation, the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term interim renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term interim renewal contracts for successive periods not to exceed twenty-five (25) Years each. The



1 Contractor asserts that Contract No. 7-07-20-W0055 and existing law go beyond the preceding  
2 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting  
3 Officer disagrees with that assertion. The parties agree that this interim renewal contract  
4 preserves the rights and positions of the parties and that the omission of language in this interim  
5 renewal contract setting out the rights asserted by the Contractor to successive renewals is not  
6 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such  
7 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of  
8 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that  
9 incorporation of such language in this interim renewal contract is necessary to preserve such  
10 rights, this interim renewal contract shall be construed as incorporating such language as though  
11 fully set forth herein as of the effective date hereof.

12 (b) The parties anticipate that they will engage in good faith negotiations  
13 intended to permit the execution of a twenty-five (25) Year long-term renewal contract  
14 contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal  
15 contract”, by the end of the term hereof. The parties recognize the possibility that this schedule  
16 may not be met. Accordingly:

17 (1) In the event (i) the Contractor and Contracting Officer have  
18 reached agreement on the terms of the Contractor’s long-term renewal contract or (ii) the  
19 Contractor and Contracting Officer have not completed the negotiations on the Contractor’s  
20 long-term renewal contract, believe that further negotiations on that contract would be beneficial,  
21 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all

1 environmental documentation required to allow execution of the Contractor's long-term renewal  
2 contract by both parties has not been completed in time to allow execution of the Contractor's  
3 long-term renewal contract by November 30, 2001, then (iv) the parties will expeditiously  
4 complete the environmental documentation required of each of them in order to execute the  
5 Contractor's long-term renewal contract at the earliest practicable date. In addition, the  
6 Contractor's then current interim renewal contract will be renewed without change upon the  
7 request of either party through the agreed-upon effective date of the Contractor's long-term  
8 renewal contract or, in the absence of agreement on the terms of the Contractor's long-term  
9 renewal contract, through the succeeding February 28.

10 (2) Provided that this interim renewal contract is not subject to  
11 renewal under the terms described in subdivision (1) of this Article, if a party determines that the  
12 parties have reached an impasse which they have been unable to resolve and which precludes  
13 agreement on the long-term renewal contract, that party may notify the other that it has concluded  
14 that there is no reasonable likelihood of reaching agreement on the terms of a long-term renewal  
15 contract prior to November 1, 2001. In the event of such notice, the parties will immediately  
16 agree to a schedule and process for negotiating the terms (other than any terms that would impair  
17 continuity of water supply or continuity of contract) of and executing an interim renewal  
18 contract; provided that neither party will propose for inclusion in the interim renewal contract  
19 any provision not previously included in an existing interim renewal contract which it had  
20 previously proposed for inclusion in the long-term renewal contract and which was the subject of  
21 an impasse in the long-term renewal contract negotiations. The schedule will provide for

1 completion of the negotiations of the terms of that contract by February 1, 2002, and for  
2 execution of the contract on or about February 15, 2002. The parties each acknowledge the right  
3 of either party to seek judicial relief in connection with any impasse reached in connection with  
4 negotiation of the long-term renewal contract and/or an interim renewal contract that would  
5 become effective on or after February 28, 2002.

6 (c) The parties acknowledge that the Contractor asserts that it is entitled as a  
7 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that  
8 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an  
9 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge  
10 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to  
11 proceed with the development of a long-term renewal contract in an expeditious and orderly  
12 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of  
13 the Contractor to subsequent interim renewal contracts should they become necessary, and the  
14 terms thereof, and (iii) their agreement to the process and interim renewal contract terms  
15 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such  
16 rights or positions, all of which are and will be expressly preserved.

17 (d) The omission of language in this interim renewal contract providing for  
18 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment  
19 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's  
20 right to assert a right to have such language included in subsequent renewals of this interim

1 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the  
2 language regarding such conversion to be included in subsequent renewal contracts.

3 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

4 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and  
5 consistent with applicable State water rights, permits and licenses, the Contractor is entitled to,  
6 and the Contracting Officer shall be obligated to make available to the Contractor up to 2,500  
7 acre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term  
8 of this interim renewal contract. The quantity of Project Water delivered to the Contractor in  
9 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the  
10 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the  
11 Contractor intends to put to reasonable beneficial use within the Contractor's Boundaries or sold,  
12 transferred, or exchanged pursuant to Article 9 during the term of this interim renewal contract.

13 (b) The Contractor shall utilize the Project Water made available to it pursuant  
14 to this interim renewal contract in accordance with all applicable requirements of any Biological  
15 Opinion addressing the execution of this interim renewal contract developed pursuant to Section  
16 7 of the Endangered Species Act of 1973 as amended, and in accordance with environmental  
17 documentation as may be required for specific activities, including conversion of Irrigation Water  
18 to M&I Water.

19 (c) The Contractor shall make reasonable and beneficial use of Project Water  
20 or other water furnished pursuant to this interim renewal contract. In addition, use of Project  
21 Water in a ground water recharge program shall be permitted under this contract to the extent

1 that it is carried out in accordance with California law; Provided, however, that such ground  
2 water recharge program cannot be undertaken unless and until the Contractor submits a ground  
3 water management plan pursuant to California law that demonstrates that such ground water  
4 recharge program will result in a reasonable and beneficial use of such water.

5 (d) If the Contracting Officer determines that Project Water, or other water  
6 available to the Project, can be made available to the Contractor in addition to the quantity of  
7 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the  
8 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any  
9 quantity of such water, the Contracting Officer shall make such water available to the Contractor  
10 in accordance with applicable statutes, regulations, guidelines, and policies.

11 (e) If the Contractor requests permission to reschedule for use during the  
12 subsequent Year some or all of the Project Water made available to the Contractor during the  
13 current Year or to use, during the current Year, that quantity of Project Water the United States  
14 has agreed to make available to the Contractor during the subsequent Year, the Contracting  
15 Officer may permit such uses in accordance with applicable statutes, regulations, guidelines, and  
16 policies.

17 (f) The Contractor's right pursuant to Federal Reclamation law and applicable  
18 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any  
19 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal  
20 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under  
21 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence

1 shall affect the Contracting Officer's ability to impose shortages under subdivision (b) of Article  
2 12 of this interim renewal contract and the applicable provisions of any such renewal thereof.

3 (g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water  
4 furnished to the Contractor pursuant to this interim renewal contract may be delivered for  
5 purposes other than those described in subdivisions (j) and (l) of Article 1 upon written approval  
6 by the Contracting Officer in accordance with the terms and conditions of such approval.

7 TIME FOR DELIVERY OF WATER

8 4. (a) On or about February 15, of each Calendar Year, the Contracting Officer  
9 shall declare the amount of Project Water estimated to be made available to the Contractor  
10 pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated  
11 monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall  
12 make available the forecast of Project operations, with relevant supporting information, upon the  
13 written request of the Contractor or its representatives. Upon written request of the Contractor,  
14 the Contracting Officer shall provide the basis of the estimate which shall include, but not be  
15 limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of  
16 Project reservoirs, projected CVPIA impacts, projected Endangered Species Act, and all other  
17 regulatory impacts.

18 (b) On or before each March 1, the Contractor shall submit to the Contracting  
19 Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting  
20 Officer, showing the times, and quantities of Project Water to be delivered by the United States

1 to the Contractor during the upcoming Year pursuant to this interim renewal contract, and,  
2 consistent with subdivision (a) of Article 3 herein.

3 ( c) Subject to the conditions set forth in subdivision (a) of Article 3, the  
4 United States shall deliver Project Water to the Contractor in accordance with the initial schedule  
5 submitted by the Contractor pursuant to subdivision (b) of this Article, or any revision(s) thereto  
6 submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to  
7 be implemented.

8 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

9 5. (a) The Project Water to be furnished to the Contractor pursuant to this  
10 interim renewal contract shall be made available to the Contractor at the mileposts identified in  
11 Exhibit B and any additional point or points of delivery either on Project facilities or another  
12 location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

13 (b) The Contracting Officer shall make all reasonable efforts to maintain  
14 sufficient flows and levels of water in the Delta-Mendota Canal to furnish Project Water to the  
15 Contractor at the turnout(s) established as a delivery point(s) pursuant to (a) of this Article.

16 ( c) Irrigation Water furnished to the Contractor pursuant to this interim  
17 renewal contract shall be delivered by the Contractor in accordance with any applicable land  
18 classification provisions of Federal Reclamation law and the associated regulations. Project  
19 Water shall not be delivered to land outside the Contractor's Boundaries unless approved in  
20 advance by the Contracting Officer.

1           (d)     All Project Water delivered to the Contractor pursuant to this interim  
2 renewal contract shall be measured and recorded with equipment furnished, installed, operated,  
3 and maintained by the United States or the responsible Operating Non-Federal Entity at the point  
4 or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of  
5 either party to this interim renewal contract, the Contracting Officer shall investigate the accuracy  
6 of such measurements and shall take any necessary steps to adjust any errors appearing therein.  
7 The Contractor shall advise the Contracting Officer on or before the 10th calendar day of each  
8 month of the quantity of M&I Water taken during the preceding month.

9           (e)     Neither the United States nor any Operating Non-Federal Entity shall be  
10 responsible for the control, carriage, handling, use, disposal, or distribution of Project Water  
11 made available to the Contractor pursuant to this interim renewal contract beyond the delivery  
12 points specified in subdivision (a) of this Article. The Contractor shall indemnify the United  
13 States its officers, employees, agents, and assigns on account of damage or claim of damage of  
14 any nature whatsoever for which there is legal responsibility, including property damage,  
15 personal injury, or death arising out of or connected with the control, carriage, handling, use,  
16 disposal, or distribution of such Project Water beyond such delivery points, except for any  
17 damage or claim arising out of (i) acts performed by the United States or any of its officers,  
18 employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the  
19 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the  
20 United States or any of its officers, employees, agents, or assigns, including any responsible



1 Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers,  
2 employees, agents, or assigns including any responsible Operating Non-Federal Entity.

3 MEASUREMENT OF WATER WITHIN THE DISTRICT

4 6. (a) The Contractor shall ensure that, unless the Contractor has established an  
5 alternative measurement program satisfactory to the Contracting Officer, all surface water  
6 delivered for irrigation purposes within the Contractor's Boundaries is measured at each  
7 agricultural turnout and such water delivered for municipal and industrial purposes is measured  
8 at each municipal and industrial service connection. All water measuring devices or water  
9 measuring methods of comparable effectiveness must be acceptable to the Contracting Officer.  
10 The Contractor shall be responsible for installing, operating, and maintaining and repairing all  
11 such measuring devices and implementing all such water measuring methods at no cost to the  
12 United States. The Contractor shall use the information obtained from such water measuring  
13 devices or water measuring methods to ensure proper management of the water; to bill water  
14 users for water delivered by the Contractor; and, if applicable, to record water delivered for  
15 municipal and industrial purposes by customer class as defined in its water conservation plan.  
16 Nothing herein contained, however, shall preclude the Contractor from establishing and  
17 collecting any charges, assessments, or other revenues authorized by California law. The  
18 Contractor shall include a summary of its annual surface water deliveries in the annual report  
19 described in subdivision (d) of Article 25.

20 (b) Omitted.

1 (c) All new surface water delivery systems installed within the Contractor's  
2 Boundaries after the effective date of this interim renewal contract shall also comply with the  
3 measurement provisions described in subdivision (a) of this Article.

4 (d) The Contractor shall inform the Contracting Officer and the State of  
5 California in writing by April 30 of each Year of the monthly volume of surface water delivered  
6 within the Contractor's Boundaries during the previous Year.

7 RATES AND METHOD OF PAYMENT FOR WATER

8 7. (a) The Contractor shall pay the United States in monthly payments as  
9 provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant  
10 to this interim renewal contract. Such payments shall consist of the applicable Rates and  
11 Charges determined annually in accordance with applicable Federal law and associated  
12 regulations. The Rates and Charges applicable upon execution of this interim renewal contract  
13 are set forth in Exhibit "A."

14 (b) The Contracting Officer shall notify the Contractor of the Rates and  
15 Charges as follows:

16 (1) Prior to July 1, of each Calendar Year, the Contracting Officer  
17 shall provide the Contractor the preliminary calculation of the Charges that will be applied for  
18 the period October 1 of the current Calendar Year, through September 30, of the following  
19 Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such  
20 calculations. On or before September 15 of each Calendar Year, the Contracting Officer shall  
21 notify the Contractor in writing of the Charges to be in effect during the period October 1 of the

1 current Calendar Year, through September 30 of the following Calendar Year, and such  
2 notification shall revise Exhibit "A."

3 (2) Prior to October 1 of each Calendar Year, the Contracting Officer  
4 shall make available to the Contractor an estimate of the Rates of payment for the following Year  
5 and the computations and cost allocations upon which those Rates are based. The Contractor  
6 shall be allowed not less than two months to review and comment on such computations and cost  
7 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the  
8 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall  
9 revise Exhibit "A."

10 (c) At the time the Contractor submits the initial schedule for the delivery of  
11 Project Water for each Year pursuant to subdivision (b) of Article 4 of this interim renewal  
12 contract, the Contractor shall pay the United States the total amount payable pursuant to the  
13 applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim  
14 renewal contract during the first two (2) calendar months of the Year. Before the end of the first  
15 month or part thereof of the Year, and before the end of each calendar month thereafter, the  
16 Contractor shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be  
17 delivered pursuant to this interim renewal contract during the second month immediately  
18 following. Adjustments between the payments for the scheduled amount of Project Water and  
19 the appropriate payments for quantities of Delivered Water furnished pursuant to this interim  
20 renewal contract each month shall be made before the end of the following month: Provided,  
21 That any revised schedule submitted by the Contractor pursuant to Article 4 which increases the

1 amount of Project Water to be delivered pursuant to this interim renewal contract during any  
2 month shall be accompanied with appropriate payment for Rates to assure that Project Water is  
3 not furnished to the Contractor in advance of such payment. In any month in which the quantity  
4 of Delivered Water furnished to the Contractor pursuant to this interim renewal contract equals  
5 the quantity of Project Water scheduled and paid for by the Contractor, no additional Project  
6 Water shall be made available to the Contractor unless and until payment of Rates for such  
7 additional Project Water is made. Final adjustment between the payments of Rates for the  
8 Project Water scheduled and the quantities of Delivered Water furnished during each Year  
9 pursuant to its contract shall be made as soon as possible but no later than April 30th of the  
10 following Year.

11 (d) The Contractor shall pay all Charges owing for Delivered Water before the  
12 end of the month following the month of delivery. Such amounts shall be consistent with the  
13 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report  
14 for the subject month. The water delivery report shall be regarded by the Contractor as a bill for  
15 the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment  
16 of Charges shall be accomplished through the adjustment of Charges due to the United States in  
17 the next month. By March 31, of each Year, the Contractor shall make any additional payment  
18 of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its  
19 contract for the previous Year. The amount to be paid for past due payment of Charges shall be  
20 computed pursuant to Article 19 of this interim renewal contract.

1           (e)     The Contractor shall pay for any Project Water provided under subdivision  
2     (d) or (e) of Article 3 as determined by the Contracting Officer pursuant to applicable statutes,  
3     regulations, guidelines, and policies.

4           (f)     Payments to be made by the Contractor to the United States under this  
5     interim renewal contract may be paid from any revenues available to the Contractor.

6           (g)     Revenues received by the United States pursuant to this interim renewal  
7     contract shall be allocated and applied in accordance with Federal Reclamation law, including  
8     but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and  
9     subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of  
10    Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the  
11    Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated  
12    pursuant to the Administrative Procedures Act.

13          (h)     At the Contractor's request, the Contracting Officer shall provide to the  
14    Contractor an accounting of all of the expenses allocated and the disposition of all revenues  
15    received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to  
16    determine that the allocation of expenses and disposition of all revenues received was  
17    accomplished in conformance with Federal Reclamation law and the associated regulations. The  
18    Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any  
19    discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

20          (i)     The parties acknowledge and agree that the efficient administration of this  
21    interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that

1 mechanisms, policies, and procedures used for establishing Rates and Charges, and/or for making  
2 and allocating payments, other than those set forth in this Article would be in the mutual best  
3 interest of the parties, it is expressly agreed that the parties may enter into agreements for  
4 alternative mechanisms, policies, and procedures for any of those purposes while this interim  
5 renewal contract is in effect without amending this contract.

6 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

7 8. The Contractor and the Contracting Officer concur that at the time of execution of  
8 this interim renewal contract, the Contractor has no non-interest bearing operation and  
9 maintenance deficits and shall have no further liability therefor.

10 TRANSFERS OR EXCHANGES OF WATER

11 9. The right to Project Water provided for in this interim renewal contract may be  
12 sold, transferred, or exchanged to others for beneficial uses within the State of California if such  
13 sale, transfer or exchange is authorized by applicable Federal laws, State laws, and applicable  
14 guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water  
15 shall include, and the Contracting Officer shall apply this Article in a manner that does not  
16 impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor  
17 historically carried out with approval of the Contracting Officer under Contract No. 7-07-20-  
18 W0055. No sale, transfer, or exchange of the right to Project Water under this interim renewal  
19 contract may take place without the prior written approval of the Contracting Officer.

1                                   APPLICATION OF PAYMENTS AND ADJUSTMENTS

2                   10.     (a)     The amount of any overpayment by the Contractor shall be applied first to  
3     any accrued indebtedness arising out of this interim renewal contract then due and payable by the  
4     Contractor. Any amount of such overpayment then remaining shall, at the option of the  
5     Contractor, be refunded to the Contractor or credited upon amounts to become due to the United  
6     States from the Contractor under the provisions hereof in the following months. With respect to  
7     overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone  
8     having or claiming to have the right to the use of any of the water supply provided for herein.

9                   (b)     All advances for miscellaneous costs incurred for work requested by the  
10    Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has  
11    been completed. If the advances exceed the actual costs incurred, the difference will be refunded  
12    to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be  
13    billed for the additional costs pursuant to Article 24.

14                                   TEMPORARY REDUCTIONS--RETURN FLOWS

15                  11.     (a)     Subject to: (i) the authorized purposes and priorities of the Project; and (ii)  
16    the obligations of the United States under existing contracts, or renewals thereof, providing for  
17    water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to  
18    optimize Project Water deliveries to the Contractor as provided in the contract.

19                  (b)     The United States may temporarily discontinue or reduce the quantity of  
20    Project Water to be delivered to the Contractor as herein provided for the purposes of  
21    investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or

1 any part thereof necessary for the delivery of Project Water to the Contractor, but so far as  
2 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary  
3 discontinuance or reduction, except in case of emergency, in which case no notice need be given:  
4 Provided, That the United States shall use its best efforts to avoid any discontinuance or  
5 reduction in such service. Upon resumption of service after such reduction or discontinuance,  
6 and if requested by the Contractor, the United States will, if possible, deliver the quantity of  
7 Project Water, which would have been delivered hereunder in the absence of such discontinuance  
8 or reduction: Provided further, That with respect to any quantity of Project Water not delivered  
9 after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment  
10 obligations for such quantity of Project Water.

11 ( c) The United States reserves the right to all seepage and return flow water  
12 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond  
13 the Contractor's Boundaries: Provided, That this shall not be construed as claiming for the  
14 United States any right to seepage or return flow being put to reasonable and beneficial use  
15 pursuant to this interim renewal contract within the Contractor's Boundaries by the Contractor or  
16 those claiming by, through, or under the Contractor.

#### 17 WATER SHORTAGE AND APPORTIONMENT

18 12. (a) In its operation of the Project, the Contracting Officer will use all  
19 reasonable means to guard against a condition of shortage in the quantity of water to be made  
20 available to the Contractor pursuant to this contract. Insofar as determined by the Contracting



1 Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable,  
2 notify the Contractor of such determinations as soon as possible.

3 (b) If there is a reduction in the total water supply available to the Contractor  
4 during any Year because of errors in physical operations of the Project, drought, other physical  
5 causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer  
6 to meet legal obligations, no liability shall accrue against the United States or any of its officers,  
7 agents, or employees for any damage, direct or indirect, arising therefrom, so long as actions  
8 based upon the opinions or determinations of the Contracting Officer are consistent with the  
9 standards in Article 18.

10 (c) In any Year in which there may occur a shortage for any of the reasons  
11 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project  
12 Water supply among the Contractor and others entitled, under existing contracts and future  
13 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of  
14 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the  
15 contractual obligations of the United States.

16 (d) Subject to subdivisions (c) of this Article, in any Year in which there may  
17 occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting Officer  
18 shall apportion the available Project Water among the Contractor and others entitled to receive  
19 Project Water from the Delta-Mendota Canal as follows:

20 (1) A determination shall be made of the total quantity of water  
21 scheduled to be delivered during the respective Year under all contracts then in force for

1 the delivery of water from the Delta-Mendota Canal, the quantity so determined being  
2 herein referred to as the contractual commitments from the Delta-Mendota Canal.

3 (2) The total quantity of water scheduled to be delivered to the  
4 Contractor from the Delta-Mendota Canal during the respective Year under subdivision  
5 (a) of Article 3 shall be divided by the contractual commitments, the quotient thus  
6 obtained being herein referred to as the Contractor's contractual entitlement from the  
7 Delta-Mendota Canal.

8 (3) The supply determined by the Contracting Officer to be available  
9 from the Delta-Mendota Canal shall be multiplied by the Contractor's contractual  
10 entitlement and the result shall be the quantity of water required to be delivered by the  
11 United States to the Contractor for the respective Year from the Delta-Mendota Canal.

12 UNAVOIDABLE GROUND-WATER PERCOLATION

13 13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess  
14 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are  
15 irrigated with ground water that reaches the underground strata as an unavoidable result of the  
16 furnishing of Irrigation Water by the Contractor to Eligible Lands.

17 COMPLIANCE WITH FEDERAL RECLAMATION LAW

18 14. This interim renewal contract shall be implemented in accordance with all  
19 applicable provisions of Federal Reclamation law, as amended and supplemented.

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15. The Contractor, in carrying out this contract, shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California, and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

## QUALITY OF WATER

16. (a) Project facilities used to make available and deliver Project Water to the Contractor pursuant to this interim renewal contract shall be operated and maintained to enable the United States to make available and deliver Project Water to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to better the quality of Project Water furnished to the Contractor pursuant to this contract. The United States does not warrant the quality of Project Water made available and delivered to the Contractor pursuant to this contract.

(b) The operation and maintenance of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Boundaries. This Article shall not affect or alter any legal obligations of the Secretary to provide drainage services.

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN  
FROM THE UNITED STATES

17. Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Irrigation Water furnished pursuant to the terms of this interim renewal contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water and non-Project water were constructed without funds made available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be applicable only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be established through the certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Boundaries can be established and the quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-Project water are constructed with funds made available pursuant to Federal Reclamation law, the non-Project water will be subject to Federal Reclamation law, until such funds have been repaid.

1 OPINIONS AND DETERMINATIONS

2 18. (a) Where the terms of this interim renewal contract provide for actions to be  
3 based upon the opinion or determination of either party to this contract, said terms shall not be  
4 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable  
5 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,  
6 expressly reserve the right to seek relief from and appropriate adjustment, including monetary  
7 damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each  
8 opinion or determination by either party shall be provided in a timely manner.

9 (b) The Contracting Officer shall have the right to make determinations  
10 necessary to administer this interim renewal contract that are consistent with the expressed and  
11 implied provisions of this contract, the laws of the United States and the State of California, and  
12 the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall  
13 be made in consultation with the Contractor to the extent reasonably practicable.

14 CHARGES FOR DELINQUENT PAYMENTS

15 19. (a) The Contractor shall be subject to interest, administrative, and penalty  
16 charges on delinquent installments or payments. When a payment is not received by the due  
17 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond  
18 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an  
19 administrative charge to cover additional costs of billing and processing the delinquent payment.  
20 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty  
21 charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further,  
22 the Contractor shall pay any fees incurred for debt collection services associated with a  
23 delinquent payment.

24 (b) The interest charge rate shall be the greater of the rate prescribed quarterly  
25 in the Federal Register by the Department of the Treasury for application to overdue payments, or  
26 the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act

1 of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and  
2 remain fixed for the duration of the delinquent period.

3 ( c) When a partial payment on a delinquent account is received, the amount  
4 shall be applied, first to the penalty, second to the administrative charges, third to the accrued  
5 interest, and finally to the overdue payment.

## 6 EQUAL OPPORTUNITY

7 20. During the performance of this contract, the Contractor agrees as follows:

8 (1) The Contractor will not discriminate against any employee or applicant for  
9 employment because of race, color, religion, sex, or national origin. The Contractor will  
10 take affirmative action to ensure that applicants are employed, and that employees are  
11 treated during employment, without regard to their race, color, religion, sex, or national  
12 origin. Such action shall include, but not be limited to, the following: Employment,  
13 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or  
14 termination, rates of payment or other forms of compensation; and selection for training,  
15 including apprenticeship. The Contractor agrees to post in conspicuous places, available  
16 to employees and applicants for employment, notices to be provided by the Contracting  
17 Officer setting forth the provisions of this nondiscrimination clause.

18 (2) The Contractor will, in all solicitations or advertisements for employees  
19 placed by or on behalf of the Contractor, state that all qualified applicants will receive  
20 consideration for employment without discrimination because of race, color, religion, sex,  
21 or national origin.

22 (3) The Contractor will send to each labor union or representative of workers  
23 with which it has a collective bargaining agreement or other contract or understanding, a  
24 notice, to be provided by the Contracting Officer, advising the said labor union or  
25 workers' representative of the Contractor's commitments under Section 202 of Executive  
26 Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous  
27 places available to employees and applicants for employment.

28 (4) The Contractor will comply with all provisions of Executive Order  
29 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and  
30 relevant orders of the Secretary of Labor.

31 (5) The Contractor will furnish all information and reports required by said  
32 amended Executive Order and by the rules, regulations, and orders of the Secretary of  
33 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by

1 the Contracting Officer and the Secretary of Labor for purposes of investigation to  
2 ascertain compliance with such rules, regulations, and orders.

3 (6) In the event of the Contractor's noncompliance with the nondiscrimination  
4 clauses of this contract or with any of the said rules, regulations, or orders, this contract  
5 may be canceled, terminated, or suspended, in whole or in part, and the Contractor may  
6 be declared ineligible for further Government contracts in accordance with procedures  
7 authorized in said amended Executive Order, and such other sanctions may be imposed  
8 and remedies invoked as provided in said Executive Order, or by rule, regulation, or order  
9 of the Secretary of Labor, or as otherwise provided by law.

10 (7) The Contractor will include the provisions of paragraphs (1) through (7) in  
11 every subcontract or purchase order unless exempted by the rules, regulations, or orders  
12 of the Secretary of Labor issued pursuant to Section 204 of said amended Executive  
13 Order, so that such provisions will be binding upon each subcontractor or vendor. The  
14 Contractor will take such action with respect to any subcontract or purchase order as may  
15 be directed by the Secretary of Labor as a means of enforcing such provisions, including  
16 sanctions for noncompliance: Provided, however, That in the event the Contractor  
17 becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a  
18 result of such direction, the Contractor may request the United States to enter into such  
19 litigation to protect the interests of the United States.

20 GENERAL OBLIGATION--BENEFITS  
21 CONDITIONED UPON PAYMENT

22 21. (a) The obligation of the Contractor to pay the United States as provided in  
23 this contract is a general obligation of the Contractor notwithstanding the manner in which the  
24 obligation may be distributed among the Contractor's water users and notwithstanding the default  
25 of individual water users in their obligations to the Contractor.

26 (b) The payment of charges becoming due hereunder is a condition precedent  
27 to receiving benefits under this contract. The United States shall not make water available to the  
28 Contractor through project facilities during any period in which the Contractor may be in arrears  
29 in the advance payment of water rates due the United States. The Contractor shall not furnish  
30 water made available pursuant to this contract for lands or parties which are in arrears in the  
31 advance payment of water rates levied or established by the Contractor.

1 COMPLIANCE WITH CIVIL RIGHTS LAWS  
2 AND REGULATIONS

3 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
4 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
5 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights  
6 laws, as well as with their respective implementing regulations and guidelines imposed by the  
7 U.S. Department of the Interior and/or Bureau of Reclamation.

8 (b) These statutes require that no person in the United States shall, on the  
9 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be  
10 denied the benefits of, or be otherwise subjected to discrimination under any program or activity  
11 receiving financial assistance from the Bureau of Reclamation. By executing this contract, the  
12 Contractor agrees to immediately take any measures necessary to implement this obligation,  
13 including permitting officials of the United States to inspect premises, programs, and documents.

14 (c) The Contractor makes this agreement in consideration of and for the  
15 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other  
16 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of  
17 Reclamation, including installment payments after such date on account of arrangements for  
18 Federal financial assistance which were approved before such date. The Contractor recognizes  
19 and agrees that such Federal assistance will be extended in reliance on the representations and  
20 agreements made in this Article, and that the United States reserves the right to seek judicial  
21 enforcement thereof.

22 PRIVACY ACT COMPLIANCE

23 23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)  
24 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et  
25 seq.) in maintaining landholder acreage certification and reporting records, required to be  
26 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation  
27 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

28 (b) With respect to the application and administration of the criminal penalty  
29 provisions of the Act (5 U.S.C. 552a(I)), the Contractor and the Contractor's employees  
30 responsible for maintaining the certification and reporting records referenced in (a) above are  
31 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

32 (c) The Contracting Officer or a designated representative shall provide the  
33 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau  
34 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--  
35 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of  
36 information contained in the landholder's certification and reporting records.

37 (d) The Contracting Officer shall designate a full-time employee of the Bureau  
38 of Reclamation to be the System Manager who shall be responsible for making decisions on



1 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The  
2 Contractor is authorized to grant requests by individuals for access to their own records.

3 (e) The Contractor shall forward promptly to the System Manager each  
4 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed  
5 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System  
6 Manager with information and records necessary to prepare an appropriate response to the  
7 requester. These requirements do not apply to individuals seeking access to their own  
8 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the  
9 requester elects to cite the Privacy Act as a basis for the request.

#### 10 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

11 24. In addition to all other payments to be made by the Contractor pursuant to this  
12 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill  
13 and detailed statement submitted by the Contracting Officer to the Contractor for such specific  
14 items of direct cost incurred by the United States for work requested by the Contractor associated  
15 with this interim renewal contract plus a percentage of such direct costs for administrative and  
16 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.  
17 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in  
18 advance by the Contractor. This Article shall not apply to costs for routine contract  
19 administration.

#### 20 WATER CONSERVATION

21 25. (a) Prior to the delivery of water provided from or conveyed through Federally  
22 constructed or Federally financed facilities pursuant to this contract, the Contractor shall be  
23 implementing an effective water conservation program based on the Contractor's water  
24 conservation plan that has been determined by the Contracting Officer to meet the conservation  
25 and efficiency criteria established under Federal law. The water conservation program shall  
26 contain definite water conservation objectives, appropriate economically feasible water  
27 conservation measures, and time schedules for meeting those objectives.

1                   (b)     Should the combined amount of M&I Water delivered pursuant to  
2     subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed  
3     2,000 acre-feet , the Contractor shall implement the Best Management Practices identified by and  
4     the time frames issued by the California Urban Water Conservation Council unless any such  
5     practice is determined by the Contracting Officer to be inappropriate for the Contractor.

6                   ( c)     As part of the water conservation program, the Contractor shall develop  
7     and be implementing a tiered block water pricing program that promotes conservation and the  
8     efficient management of Project Water during the term of this contract. Such pricing program for  
9     Project Water shall take into account all relevant circumstances, including without limitation,  
10    water shortages imposed under this interim renewal contract and the availability and cost of the  
11    Contractor's and individual water user's non-Project alternative sources of supply, including  
12    ground water and other non-Project water supplies, so that the Contractor's pricing structure  
13    provides incentives for conservation and the efficient management of overall water supply  
14    available to water users served by the Contractor. Provided, That no such tiered block water  
15    pricing program need be implemented by the Contractor if the Contracting Officer determines,  
16    based on information provided by the Contractor, that (i) such a pricing structure will not result  
17    in significant conservation of water available for use within the Contractor's service area,  
18    including ground water or (ii) other pricing program, conservation or management measures are  
19    more appropriate and/or will result in comparable or better conservation of the water supplies  
20    available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects  
21    not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract  
22    shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of  
23    the CVPIA.

24                  (d)     The Contractor shall submit to the Contracting Officer by

December 31, of each Calendar Year, an annual report on the status of its implementation of the water conservation program.

### EXISTING OR ACQUIRED WATER OR WATER RIGHTS

26. Except as specifically provided in Article 17 of this contract, the provisions of this interim renewal contract shall not be applicable to or affect water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Boundaries from other than the United States by the Contractor. Any such water shall not be considered Project Water under this contract. In addition, this interim renewal contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Boundaries acquires or has available under any other contract pursuant to the Federal Reclamation law.

### OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

27. (a) The responsibility for performing and, in some cases funding the operation and/or maintenance (O&M) of all or any portion or portions of the Delta-Division facilities may be transferred to an Operating-Non-Federal Entity by one or more separate agreements between the United States and the Operating Non-Federal Entity. Any such agreements shall require the Operating Non-Federal Entity to perform the O&M in compliance with the provisions of this Contract and shall not interfere with the rights and obligations of the Contractor or the United States hereunder.

(b) If so notified in writing by the Contracting Officer, the Contractor shall pay directly to such Operating Non-Federal Entity in accordance with such notice, (1) that portion of the Rate(s) to be paid the United States pursuant to this Contract which the Contracting Officer determines is the Contractor's appropriate share of the costs of the O&M of the Delta-Division facilities transferred to the Operating Non-Federal Entity for O&M; and (2)

1 all appropriate additional amounts charged or assessed by the Operating Non-Federal Entity for  
2 the O&M of the Delta-Division facilities. Such direct payments to such Operating Non-Federal  
3 Entity shall not relieve the Contractor of its obligation to pay directly to the United States its  
4 allocated share of the remaining costs for the O&M of the Project.

#### 5 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

6 28. The expenditure or advance of any money or the performance of any obligation of  
7 the United States under this contract shall be contingent upon appropriation or allotment of  
8 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any  
9 obligations under this contract. No liability shall accrue to the United States in case funds are not  
10 appropriated or allotted.

#### 11 BOOKS, RECORDS, AND REPORTS

12 29. The Contractor shall establish and maintain accounts and other books and records  
13 pertaining to administration of the terms and conditions of this contract, including: the  
14 Contractor's financial transactions, water supply data, and Project land and right-of-way  
15 agreements; the water users' land-use (crop census), landownership, land-leasing and water use  
16 data; and other matters that the Contracting Officer may require. Reports thereon shall be  
17 furnished to the Contracting Officer in such form and on such date or dates as the Contracting  
18 Officer may require. Subject to applicable Federal laws and regulations, each party to this  
19 contract shall have the right during office hours to examine and make copies of the other party's  
20 books and records relating to matters covered by this contract.

#### 21 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

22 30. (a) The provisions of this contract shall apply to and bind the successors and  
23 assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest  
24 therein shall be valid until approved in writing by the Contracting Officer.

25 (b) The assignment of any right or interest in this interim renewal contract by  
26 either party shall not interfere with the rights or obligations of the other party to this interim  
27 renewal contract absent the written concurrence of said other party.

1 SEVERABILITY

2 31. In the event that a person or entity who is neither (i) a party to a Project interim  
3 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project  
4 interim renewal contract, nor (iii) an association or other form of organization whose primary  
5 function is to represent parties to Project interim renewal contracts, brings an action in a court of  
6 competent jurisdiction challenging the legality or enforceability of a provision included in this  
7 interim renewal contract and said person, entity, association, or organization obtains a final court  
8 decision holding that such provision is legally invalid or unenforceable and the Contractor has  
9 not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal  
10 contract shall use their best efforts to (i) within thirty (30) days of the date of such final court  
11 decision identify by mutual agreement the provisions in this interim renewal contract which must  
12 be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate  
13 revision(s). The time periods specified above may be extended by mutual agreement of the  
14 parties. Pending the completion of the actions designated above, to the extent it can do so  
15 without violating any applicable provisions of law, the United States shall continue to make the  
16 quantities of Project Water specified in this interim renewal contract available to the Contractor  
17 pursuant to the provisions of this interim renewal contract, which were not found to be legally  
18 invalid or unenforceable in the final court decision.

19 OFFICIALS NOT TO BENEFIT

20 32. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
21 Contractor shall benefit from this contract other than as a water user or landowner in the same  
22 manner as other water users or landowners.

1 CHANGES IN CONTRACTOR'S BOUNDARIES

2 33. While this contract is in effect, no change may be made in the Contractor's  
3 boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise,  
4 except upon the Contracting Officer's written consent.

5 NOTICES

6 34. Any notice, demand, or request authorized or required by this contract shall be  
7 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
8 delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, CA  
9 97321-1813, and on behalf of the United States, when mailed, postage prepaid, or delivered to  
10 the Board of Directors of the Centinella Water District, P.O. Box 98, Westley, CA 95387. The  
11 designation of the addressee or the address may be changed by notice given in the same manner  
12 as provided in this Article for other notices.

13 IN WITNESS WHEREOF, the parties hereto have executed this interim renewal  
14 contract as of the day and year first above written.

15 THE UNITED STATES OF AMERICA

16 By: /s/ Lowell F. Ploss  
17 Acting Regional Director, Mid-Pacific Region  
18 Bureau of Reclamation

19 (SEAL) CENTINELLA WATER DISTRICT

20 By: /s/ Terry Johnston  
21 President of the Board of Directors

22 Attest:

23 /s/ William D. Harrison  
24 Secretary

APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR